Press release, November 26, 2020
Emotra AB (publ)
Corporate identity number: 556612-1579

Emotra AB (publ)

Interim report

January 1 – September 30, 2020

The Board of Directors and the CEO of Emotra AB hereby present the interim report for the first nine months of 2020.

Summary of the period January – September, 2020

- **Net sales for the period were 0 kSEK (8)**
- **Operating loss was -3,440 kSEK (-4,757)**
- **Loss per share after dilution was -0.10 SEK (-0.18)**
- **At the end of the period, liquid assets amounted to 2,308 kSEK (3,997)**
- **Rights issue totalling 4.66 MSEK before issue expenses registered**
- **Collaboration with researchers at the University of Linköping was initiated**
- **Collaboration agreement with RISE concerning digitalisation and development of our analysis service has been signed and the project has started**
- **A claim form has been served on Emotra in the district court of Göteborg concerning a claim from ABC Form**
- **Collaboration agreement with a psychiatric clinic at the Örebro University hospital**

Summary of the period July – September, 2020

- **Net sales for the period were 0 kSEK (0)**
- **Operating loss was -1,118 kSEK (-1,246)**
- **Loss per share after dilution was -0.03 SEK (-0.05)**
- **Emotra has signed a collaboration agreement for clinical studies with the General Psychiatry clinic at Örebro University hospital**

Significant Events After Closing of Books

- **Emotra has entered an agreement with Mediq Innovation Experts GmbH for developing the German market**
- **In November, 2020, Emotra received 3.8 MSEK (before issue expenses) through the conversion of 82.5 per cent of previously issued subscription warrants into shares.**
- **On November 20, Emotra published a notice of an extraordinary general meeting of shareholders to elect a new auditor and to pass a resolution authorising the Board to decide on a new share issue for a maximum amount of 15 MSEK, in the period before the next Annual General Meeting.**
- **No other significant events have occurred after the reporting period**

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Comments from our CEO

Summary and analysis of significant events in the first three quarters of 2020

- After strategic work, the Board has decided that depression relapse is a strategically important indication area for Emotra. We will focus on development of our technology, marketing and evidence-based EDOR testing.
- New research results indicate that hyporeactive patients run a significantly higher risk of depression relapse. A paper with these first results has been written and the manuscript has been submitted for publication.
- An agreement has been signed with the university hospital in Warsaw to carry out a clinical study on depression relapse. We are negotiating with more clinics about participating in this study.
- A rights issue was carried out in March providing the Company with 4.66 MSEK before issue expenses.
- In November Emotra received a further 3.8 MSEK through the conversion of 82.5% of previously issued subscription warrants into shares.
- An agreement has been signed with the University of Linköping regarding scientific co-operation in connection with the planning and implementation of clinical studies on depression relapse. The research project has been started, mainly on the planning.
- A collaboration agreement concerning further development of EDOR test has been signed with RISE Acreo. The aim of this project is to digitalise and further develop the analysis service part of EDOR using AI/machine learning, and the project started in this period.
- We have withdrawn our Swedish patent application for protection of the relapse indication area. We have submitted an international PCT application instead.
- A claim form has been served by the district court of Göteborg concerning a disputed claim from ABC Form Srl. Semplificata ("ABC"). The claim concerns work mainly carried out by Professor Marco Sarchiapone from 2014 to 2017.
- On August 21, Emotra signed a collaboration agreement with the General Psychiatry clinic at Örebro University Hospital, through which the hospital will participate in Emotra's depression relapse study.
- On October 9, Emotra signed a co-operation agreement with Mediq Innovation Experts GmbH for developing the German market.

New opportunities for Emotra with a larger market potential

Depression and treatment of it is one of the largest indication areas in health care. This presents a very important market potential for Emotra. Each year, more than 320 million people around the world suffer a depression and one in four Swedes will at some point in their life suffer a depression that is so severe it will require treatment. The costs for society and employers of these numbers are significant. In other words, the global patient base is gigantic.

One of the main problems with depression relapse is the lack of objective diagnostic markers that provide data that can be used to categorise patients as high-risk or low-risk in order to prescribe the correct treatment. Since so many people suffer depressions and repeated relapses, improved diagnostics could lead to large cost savings for society, while at the same time providing patients with better and safer care. This provides an opportunity for EDOR® Test to deliver high-value,

objective, biological information. The indication area depression relapse is of strategic importance to the company. The hyporeactive patient group, which EDOR identifies, is the same group that runs an elevated suicide risk. If a healthcare provider can identify this group and thereby prevent a depression relapse, they can also reduce the suicide risk. The Company is focused on compiling a basic database of evidence for this indication area in different clinical environments. In February, 2020, Emotra signed an agreement with the university hospital in Warsaw to carry out a clinical study to verify the connection between hyporeactivity and increased risk of depression relapse. The plan is to commence this study in the spring of 2021. We are currently in different stages of negotiation with various centres and researchers for several projects.

Research, technical development and studies

The clinical problem of relapses has been described as one of the largest and most urgent challenges that psychiatrists face today. Emotra has initiated a focused research and study effort on depression relapse in order to build a foundation of evidence for this application. The Company intends to collaborate with clinical centres that possess the necessary infrastructure, research experience and access to patients for studies. These collaborations are crucial for gaining access to high-quality data and for increasing the use of EDOR.

In the coming months, we will be focusing on trying to find and recruit clinics to participate in Emotra's depression relapse study. In addition to the clinic in Warsaw, Poland, with which Emotra has already signed a participation agreement, these clinics will primarily be located in Sweden (the General Psychiatry clinic at Örebro University Hospital signed an agreement in August, 2020) and Germany. In preparation and as a basis for future collaborations, some initial data will be published and a scientific article has been submitted for publication. Restrictions on patients' ability to meet their doctors, due to the ongoing Covid-19 pandemic this spring and summer, have had a significant impact on our research and clinical operations. As previously announced, we are presently negotiating scientific collaborations on top of our relapse study. These different negotiations have reached varying degrees of maturity.

In this period, Emotra has signed an agreement with RISE for continued digitalisation of the analysis process and functionality development using machine learning. RISE possesses cutting-edge competence in the areas digitalisation, signal processing, statistical analysis and applied machine learning/AI. A deciding factor for us was that RISE has experience of collaborating with industrial partners in advanced development projects. This new technology offers Emotra ample opportunity for extended patent protection.

Market and business development

Since the Company has reached a phase where our emphasis is on generating data for the indication area depression relapse, we have reduced our marketing activities to a minimum in order to preserve our financial resources. We initiated a market-research project during the period to support this indication area. The aim of the project is to compile data about attitudes and challenges in the handling of depressed patients and depression relapse.

Our initial focus is on collecting qualitative data. We have started holding structured interviews with decision-makers and we expect to continue doing so this autumn. Our goal is to promote the creation of an initial platform of users and partners on which to build our further expansion. Emotra will therefore be developing this market step-by-step over time, on condition that the results of these studies are to our advantage. From a business-development point of view, we maintain a continuous dialogue with various parties who may be relevant for the Company's progress or who may be able to help us seize upon future opportunities.

Patents, patent applications and trademark protection

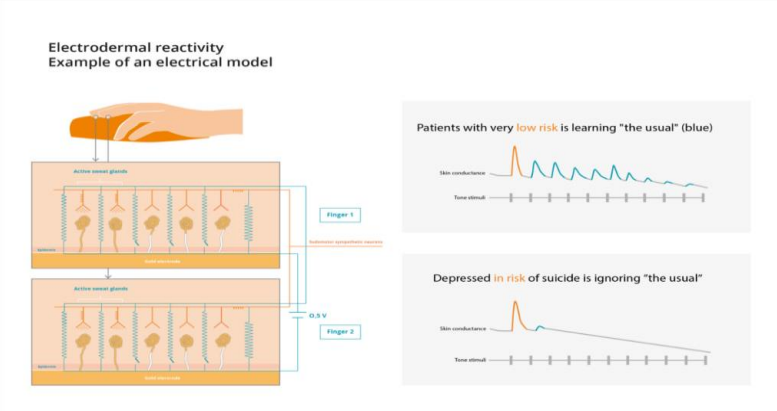
Last spring, the Company withdrew its Swedish patent application for *"A device and a method to identify persons at risk for depressive relapse"*. For tactical reasons, we chose to file an international PCT application instead, under the same name, to protect this new indication area. Europe, the US, Japan and Canada are priority markets in the Company's patent application efforts. The American patent office has informed Emotra that our patent application number 15/024,908, "A DEVICE FOR USE IN THE EVALUATION OF SUICIDE RISK", has been approved. The patent was issued on May 21, 2019, under U.S. Patent No. 10,292,636. At the end of July, 2018, the Japanese patent office informed Emotra that our Japanese patent application number 2016-516080, "A DEVICE FOR USE IN THE EVALUATION OF SUICIDE RISK", had been approved. Before that, PRV had notified Emotra of their approval of Emotra's patent application, No. 1300614-3, "Apparatur för användning vid bedömning av självmordsrisk" (Device for use in the evaluation of suicide risk). Further patent applications have been submitted in the EU and Canada. In 2016, EUIPO (the EU trademark authority) also announced that Emotra would be granted EU-wide trademark protection for EDOR®.

Mental health, depression and suicide

Globally, mental health disorders account for 30 percent of all non-lethal illnesses. In Sweden alone, the cost to society is estimated to be 80 billion SEK per year, of which depression-related illnesses stand for 35 billion, and all estimates point to this cost continuing to grow until the year 2030. These costs are partly due to the high prevalence of mental illness and partly to the fact that almost all the people afflicted by such disorders cannot fully participate in the work force or their education programmes. A significant portion of this high prevalence is due to the fact that a large number of these patients suffer a depression relapse after treatment. We know that about 50 percent of patients who have suffered a depression will suffer one or more further episodes later in life. Add to that the fact that 80 percent of those who have suffered two depressions will relapse several times. The consequence of this statistic is that a person who has suffered one depression will relapse between five and nine times, on average, in the course of his or her lifetime.
Psychiatric disorders and suicide are closely linked, as 90 percent of suicidal patients suffer from some kind of mental disorder. More specifically, 60 percent of the suicides are depression-related, with alcohol abuse as a further contributing factor. Other risk factors worth mentioning in order to understand the patient risk are physical disorders, relationship troubles, socioeconomic/demographic factors and the patient's health history. In Europe, one in six people has mental health issues, and depressed people make up the single largest patient group among them.

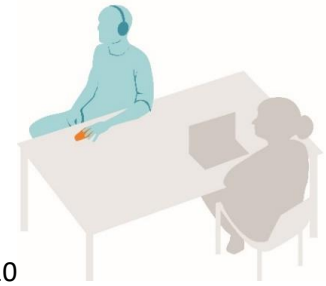
The EDOR® method

EDOR, "Electro Dermal Orienting Reactivity", is a method that contributes biological information which complements the clinical interview and the anamnesis. Since hyporeactivity is a biologically based marker that is independent of clinical scales, as well as the patient's age and gender, it adds biological information that provides for a more complete assessment of the patient. The test identifies patients as normally reactive or hyporeactive based on the patient's electrodermal reactions to neutral audio signals. The test measures the response to stimuli over time, i.e. how quickly the patient grows accustomed to something in his/her surroundings. Patients who very quickly stop reacting or who do not react at all are identified as hyporeactive. Hyporeactive, depressed patients have been shown to be more vulnerable to suicide attempts and suicide. New data also indicate that hyporeactivity is related to an increased risk of depression relapse.



The EDOR product system consists of three parts: headphones, the EDOR box and a computer. The headphones, which are connected to the EDOR box, are calibrated to consistently play a neutral audio signal. The EDOR box generates the headphone signals and registers the patient's reaction. The file with the patient's reaction data is uploaded to Emotra's cloud solution using our proprietary EDOR software. A test using this equipment takes 20–30 minutes to complete. The patient sits with a test leader who monitors the test procedure. The patient being tested places his/her fingers on the electrodes on the EDOR box while listening to audio signals. The patient's impression of the audio signal sequence is that it is random, while it is actually identical every time.

The patient being tested places two fingers on the EDOR box and listens to a sequence of neutral audio signals in a pair of headphones.



A test leader handles the information, monitors the patient and uploads the test files to Emotra's cloud solution for analysis of the reaction pattern.

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The entire test sequence is standardised and all that is needed to ensure a quality test environment is a disturbance-free room.

Advantages of EDOR

- Provides information about the short- and long-term risk to support decisions on treatment and follow-up.
- An objective biomarker that is independent of clinical scales as well as the patient's age and gender
- Easy to carry out, with clear results that can be easily communicated to the treating team

Göteborg, November 26, 2020
Daniel Poté, CEO

Income Statement summary

	July-Sept.		*Jan.-Sept.*		*Jan. – Dec.*
Amounts in kSEK	***2020***	***2019***	***2020***	***2019***	***2019***
Net sales	0	0	0	8	8
Other income	89	0	228	0	14
Operating costs	-1,207	-1,246	-3,668	-4,765	-6,315
Operating loss	**-1,118**	**-1,246**	**-3,440**	**-4,757**	**-6,293**
Net financial items	-	-	-	-	-
Loss before taxes	**-1,118**	**-1,246**	**-3,440**	**-4,757**	**-6,293**
Taxes	0	0	0	39	39
Net loss of the period	**-1,118**	**-1,246**	**-3,440**	**-4,718**	**-6,254**
Earnings per share, SEK	-0.03	-0.05	-0.10	-0.18	-0.24
Earnings per share after dilution, SEK	-0.03	-0.05	-0.10	-0.18	-0.24
Average number of shares	38,043,599	26,389,759	34,144,598	26,071,435	26,151,016

Balance sheet summary

Amounts in kSEK	***Sep. 30, 2020***	***Sep. 30, 2019***	***Dec. 31, 2019***
Assets			
Fixed assets			
Total fixed assets	9	14	13
Current assets			
Inventories	625	835	625

Other receivables	362	248	380
Cash and cash equivalents	2,308	3,997	2,616
Total current assets	3,295	5,080	3,621
Total assets	**3,304**	**5,094**	**3,634**

Shareholders' equity and liabilities			
Shareholders' equity			
Total shareholders' equity	1,826	3,447	1,911
Current liabilities	1,478	1,647	1,723
Total shareholders' equity and liabilities	**3,304**	**5,094**	**3,634**

Changes in shareholders' equity

Amounts in kSEK	Share capital	Revaluation reserve	Share premium reserve	Accumulated loss brought forward	Total shareholders' equity
Shareholders' equity on Dec. 31, 2018	**2,535**	**122**	**0**	**-1,456**	**1,201**
New share issue	2,347		7,803		10,150
Issue expenses			-3,186		-3,186
Reduction of the share capital	-4,381		4,381		0
Dissolution of write-up		-122		122	0
Net loss of the period				-4,718	-4,718
Shareholders' equity on Sep. 30, 2019	**501**	**0**	**8,998**	**-6,052**	**3,447**
Net loss of the period				-1,536	-1,536
Shareholders' equity on Dec. 31, 2019	**501**	**0**	**8,998**	**-7,588**	**1,911**

New share issue	222		4,440		4,662
Issue expenses			-1,307		-1,307
Approp. acc. to shareholder resolution			-8,998	8,998	0
Net loss of the period				-3,440	-3,440
Shareholders' equity on Sep. 30, 2020	**723**	**0**	**3,133**	**-2,030**	**1,826**

Cash-flow analysis, an overview Amounts in kSEK	***Jan.-Sept. 2020***	***Jan.-Sept. 2019***	***Jan. – Dec. 2019***
Loss after financial items	-3,440	-4,757	-6,294
Adjustment for items not included in the cash flow	-2	187	358
Cash flow from current operations before changes in working capital	**-3,442**	**-4,570**	**-5,936**
Cash flow from changes in working capital	**-221**	**671**	**656**
Cash flow from operating activities	**-3,663**	**-3,899**	**-5,280**
Cash flow from investing activities	-	-	-
Cash flow from financing activities	**3,355**	**6,929**	**6,929**
Cash flow of the year	**-308**	**3,030**	**1,649**
Liquid assets on January 1	2,616	967	967
Liquid assets at end of period	**2,308**	**3,997**	**2,616**

Key ratios	**Jan.-Sept. 2020**	**Jan.-Sept. 2019**	**Jan. – Dec. 2019**
Net sales, kSEK	0	8	8
Operating loss, kSEK	-3,440	-4,757	-6,293
Result of the period, kSEK	-3,440	-4,718	-6,254
Earnings per share, SEK	-0.10	-0.18	-0.24
Shareholders' equity per share, SEK	0.05	0.13	0.07
Return on equity, %	Neg.	Neg.	Neg.

Equity ratio in %	55.3	67.7	52.6
Average number of employees	3	3	3
Average number of shares	34,144,598	26,071,435	26,151,016
Potential shares from subscription warrants	11,653,840	0	0
Number of shares at end of period	38,043,599	26,389,759	26,389,759

Key Ratio Definitions

Return on equity, %	Profit/loss after taxes as a percentage of average of equity.
Equity ratio in %	Shareholders' equity as a per cent of total assets.
Earnings per share, SEK	Earnings after tax in relation to the average number of outstanding shares.
Shareholders' equity per share, SEK	Equity in relation to the number of outstanding shares at end of period.

Net sales

No sales were recorded in the period. Sales in the previous year consisted of test analyses, service and maintenance, which generated revenue of 8 kSEK in 2019.
Other revenue are mainly comprised of grants from the Swedish Agency for Economic and Regional Growth (Tillväxtverket) for short-term work.

Operating profit/loss

The Company's total costs are lower compared to last year, partially due to the fact that the Company's previous CEO, Claes Holmberg, stepped down from his executive position at the end of April, 2019.

Financial status and rights issue

Even if our marketing and R&D costs are relatively low, now that the Company's operations are focused on a select few, high-priority activities, it is the Board of Directors' judgement that the Company does not possess sufficient funds to finance the long-term development and a broad, international market introduction of EDOR.
With the authorisation of the Company's Annual General Meeting on May 15, 2019, the Emotra Board of Directors resolved, on February 24, 2020, to carry out a rights issue totalling a maximum of 8,796,586 Units (each Unit comprising two (2) shares and two (2) subscription warrants). The new issue would provide the Company with a maximum of approximately 7 MSEK before issue expenses. The subscription period of this rights issue ended on March 18, 2020. Emotra received subscriptions totalling 4.66 MSEK, or about 66.2% of the maximum issue amount. 11,653,840 new shares were

issued in this rights issue, providing Emotra with 4.66 MSEK in new funds before issue expenses of approximately 1.3 MSEK.
The conversion of 82.5 percent of the issued subscription warrants into shares in November, 2020, provided Emotra with a cash injection of 3.8 MSEK before issue expenses. These expenses are expected to amount to approximately 0.2 MSEK. These 3.6 MSEK are not included in the balance sheet per September 30.

The district court in Göteborg has notified Emotra that a claim form has been served by ABC Form Srl. Semplificata ("ABC"), for work mainly performed by professor Marco Sarchiapone from 2014 to 2017. Emotra has consistently requested to see accurate supporting documents/verifications, which ABC has so far refused to accommodate. In the claim, ABC has requested that Emotra be obligated to pay 1.7 MSEK, plus penalty interest and legal costs. In its reply to the district court, Emotra has contested ABC's claim in its entirety.

Risks and Uncertainties

Emotra's operations are subject to both operational and financial risks. Identifying potential risks and evaluating how to manage them is a continuous process within the Company. The markets for Emotra's products are characterised by lengthy sales processes. The Company is active on markets with great potential, but with erratic sales growth. The section "Riskfaktorer" (Risk Factors) in our 2019 Annual Report and our Memorandum from 2020, which can be found on the Company's web site and also obtained from the Company, contains a complete description of the risks the Company has identified and how we have chosen to manage them.

Number of Shares Outstanding

At the end of the third quarter 2020, the share capital was 722,828.38 SEK, and the number of outstanding shares and votes in the Company was 38,043,599.
The new shares (which were subscribed through conversion of subscription warrants issued in connection with the rights issue carried out in the spring of 2020) were registered with Bolagsverket (The Swedish Companies Registration Office) on November 9. The number of shares in Emotra then increased by 9,615,410 from 38,043,599 to 47,659,009, and the Company's share capital increased by 182,692.79 SEK, from 722,828.381 SEK to 905,521.171 SEK. Each share's quota value is 0.019 SEK. The Company is listed at Spotlight Stockmarket (www.spotlightstockmarket.com) with the share code EMOT. The Company does not possess any own shares.

Accounting principles

The same accounting principles and methods of valuation as were used in our last annual report have been applied in this interim report. The interim report, in line with previous reports, has been compiled on the principle of a going concern. The Company follows the accounting rules and principles laid out in the Annual Accounts Act as well as the General Recommendations issued by the Swedish Accounting Standards Board.

Audit

This interim report has not been subject to audit by the Company's auditor.

Future Reports

Year-end report for 2020 February 24, 2021

The Annual General Meeting was held in Göteborg on June 3, 2020. The Annual Report is available at the Company's web site www.emotra.se and can also be ordered from the Company by e-mail addressed to daniel@emotra.se.

Certification

The Board of Directors and the Chief Executive Officer do hereby certify that this interim report contains a fair representation of the Company's operations, financial position and results, as well as describes any significant risks and uncertainties the Company faces. All statements of a forecasting nature in this report are based on the Company's best assessments on the report's publishing date. As with all forecasts, such statements contain risks and uncertainties and the actual results can differ.

Göteborg, November 26, 2020
Emotra AB (publ)

The Board of Directors and CEO

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